



# PHS

---

## Pima Health System

Karen L. Fields, Director

3950 S. Country Club Road, Suite 400 • Tucson, Arizona 85714 • (520) 243-8000

June 2, 2008

Michael Veit  
Contracts and Purchasing Administrator  
AHCCCS Administration  
801 E. Jefferson Street, MD 5700  
Phoenix, AZ 85034

**Re: AHCCCS RFP No. YH09-0001**

Dear Mr. Veit,

Without waiving any of its rights on the protest filed on May 23, 2008, Pima Health System (PHS) provides this response to your letter of May 28<sup>th</sup> regarding clarification on rates for a capped contract.

If offered a capped contract, Pima Health System would accept the rates and applicable adjustments offered in your letter referenced above, pending actuarial/financial review. We anticipate the rates will require PHS, at least for the first year, to operate at a deficit requiring a contribution from Pima County's general fund. Fortunately, Pima County, as a governmental entity, is in the unique position of being able to assure its members that it will not go out of business. As indicated in our protest, Pima County, through Pima Health System remains committed to the quality, continuity and integrity of health care services for the residents of Pima County.

In PHS' long history of being a dual provider (AHCCCS Acute and ALTCS), the experience managing both contracts results in each enhancing the operation of the other. Both plans provide PHS with economy of scale for administrative functions and network development.

If Pima Health System is not awarded a capped contract, the impact on the ALTCS program would be considerable. PHS is able to maximize member choice and access to care for its challenging and complex ALTCS clients through its extensive provider network. This is attributed to the balance in the physician's patient load that is accomplished by combining the PHS acute care population with the higher acuity, ALTCS population. Without the acute care contract, the breadth of provider choices for ALTCS members may be compromised. In addition, the added value of administrative efficiency for ALTCS members and providers will be diminished.

Excess revenue from the Acute Care Plan has supported the Community Services System (CSS) since 1989. This is a community partnership with many agencies including Catholic Community Services, Jewish Family & Children's Services, Our Family Services, Marana Health Center, Pima Council on Aging, Casa de Esperanza, Ajo Clinic, Lifeline, Salvation Army and

Handmaker's Adult Day Care. The Community Services System provides proactive services that delay, prevent or otherwise offset costly medical complications and institutionalizations.

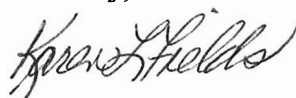
CSS assists low income frail, elderly and younger disabled residents of Pima County in remaining independent as long as possible with home and community based services. The typical CSS client is a low-income widow between the ages of 75-89 in declining health, who lives alone with little or no family support. CSS also provides a Caregiver Education and Support program to all Pima County residents, including families of ALTCS members. Without Pima Health System's AHCCCS acute care contract which provides approximately \$900,000 to the Community Services System, services to this vulnerable population will be in jeopardy.

As a part of Pima County, PHS is an integral component of the County's overall coordination of available medical services in the community and is in the best position to work with other community health agencies without the need to satisfy stockholders or place profit above quality of care. As part of the County's "integrated health system" PHS has the unique ability to utilize the provider network from both of its AHCCCS programs with other County health care functions, such as adult and juvenile institutional health, Title 36 programs, and Posada del Sol. This prevents fragmentation of healthcare delivery, allows for development of programs and thus, enhances the lives of Pima County's citizens. In the years when there is excess from PHS' acute care contract, it is transferred to the Pima County general fund to pay for health care programs such as those that support the only hospital located in Tucson's south side and those designed to train, attract and retain physicians in the community.

Pima County and the State of Arizona share the responsibility to Pima County residents to maintain the continuity and integrity of healthcare services. The value of an acute care capped enrollment contract to PHS ALTCS members will be continued access to a large, diverse provider network and to care managed by PHS' responsive, integrated administrative structure. A capped enrollment will also allow for continued community services that provide direct support to the families of Pima County.

If you require additional information or need clarification please do not hesitate to contact me.

Sincerely,



Karen L. Fields  
Pima Health System Director

c: Rodd Mas, DHCM Acute Care Manager  
Chuck Huckelberry, County Administrator  
Dennis Douglas, Deputy County Administrator Health and Medical Services